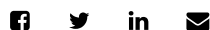


# Canadian Bank-Owned Firms Dominate Financings In 2021

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A total of \$10.8 billion in capital was raised by the Canadian oil and natural gas industry in 2021, down slightly from the \$10.9 billion raised in 2020. The small drop in total financings led to a slight decrease in the number of dealers servicing the sector. Year-over-year the number of active dealers servicing the Canadian oil and natural gas industry fell to 32 in 2021 down from the 33 recorded in 2020.

The total number of active dealers in 2021 (defined as those completing over \$5.0 million in total issues per year) was comprised of 15 foreign-based dealers, 10 Canadian independent brokerage companies and seven Canadian bank-owned firms. By comparison, in 2020 the total number of active dealers was comprised of 19 foreign-based dealers, seven Canadian bank-owned firms and seven Canadian independent brokerage companies.

In 2021, total debt financings decreased to \$8.6 billion, down 13 per cent from the \$9.9 billion raised in 2020. The top five spots in 2021 were all Canadian bank-owned firms whereas, in 2020, the top five dealers consisted of four Canadian bank-owned firms and one foreign based dealer. The top five dealers in debt financings in 2021 were **RBC Dominion Securities Inc.**, **CIBC World Markets Inc.**, **BMO Nesbitt Burns Inc.**, **Scotia Capital Inc.** and **TD Securities Inc.**, each with over \$300.0 million in financings in the category. The only change in the top five year over year was BMO replacing **BofA Securities, Inc.**

**Cenovus Energy Inc.** completed two separate debt financings for total proceeds of approximately \$1.6 billion in September 2021. All five Canadian-bank owned firms listed above were part of the underwriting syndicate for both financings. **Suncor Energy Inc.** completed a \$950.0 million debt financing in March 2021. CIBC and RBC were part of the lead underwriting group for this financing while BMO, Scotia and TD were also part of the syndicate.

There was a total of approximately \$2.2 billion in equity raised during 2021, up 113 per cent from the approximately \$1.0 billion raised in 2020. The top five equity underwriters in 2021 consisted of four Canadian bank-owned firms and one Canadian independent brokerage company. In 2020, the top five equity underwriters consisted of three Canadian bank-owned firms and two Canadian independent brokerage companies.

The top five dealers in equity financings in 2021 were: **National Bank Financial Inc.**, **Peters & Co. Limited**, BMO, TD and CIBC. Together these dealers raised over \$600.0 million of equity in 2021. Three of these top five dealers, National Bank, Peters and TD remained in the top five year-over-year.

**PrairieSky Royalty Ltd.** completed the largest equity financing in 2021 for approximately \$230.0 million. BMO, CIBC and TD were all lead underwriters in the financing. The financing was announced concurrently with PrairieSky's acquisition of assets from **Heritage Royalty Resource Corp.** for \$728.0 million. The assets comprised of over 1.9 million acres of royalty lands which includes in excess of 1.7 million net acres of Fee Simple mineral title lands and seismic assets throughout

Alberta, Saskatchewan and Manitoba. Total royalty production acquired by PrairieSky through this transaction was 2,700 boe/d (92 per cent liquids).

In terms of the number of equity financings completed, **ATB Capital Markets Inc.** was the most active dealer by participating in 18 equity financings of which it was the lead in three of them. National Bank participated in 17 deals of which it was the lead in eight. In third place was **Canaccord Genuity Corp.** which participated in 16 equity financings in 2021 and was the lead underwriter in five of them.

In reviewing the financings completed in the first three months of 2022 and comparing them to the first quarter of 2021, the total amount of capital raised is down 81 per cent, to approximately \$900.0 million from the \$4.7 billion raised over the same time period last year. This decrease in the amount of capital raised could possibly lead to a decline in the number of dealers servicing the Canadian oil and natural gas industry in 2022.

Note that the methodology we have used to derive the dollar value for dealer activity was to assign the lead dealer of a financing a value of two and all the other dealers in an underwriting syndicate a value of one. For example, in a \$40.0 million financing with one lead dealer and two other dealers in an underwriting syndicate, the lead dealer would be credited a value of \$20.0 million and the other two dealers would be assigned a value of \$10.0 million each.

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